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COMMERCIAL LEASE

This LEASE is made this 15th day of March 2006, by and between **CITY OF PLATTSBURGH**, a New York municipal corporation with offices at 41 City Hall Place, Plattsburgh, New York 12901 (hereinafter "**LESSOR**"), and **CHAMPLAIN VALLEY TRANSPORTATION MUSEUM**, a _____ chartered New York Educational Corporation, having its address of P.O. Box 2842, Plattsburgh, Clinton County, New York 12901 (hereinafter "**LESSEE**").

WITNESSETH:

WHEREAS, LESSOR has a right to acquire Lot 11 of PARC Subdivision phase II under a Memorandum of Understanding with PARC dated January 2002. Although the City of Plattsburgh is referred to as the LESSOR in this Agreement, until it acquires title to Lot 11 this Agreement is in effect an Agreement to Lease the herein described premises upon acquiring title to Lot 11. Lot 11 is shown on Drawing V-102, filed as PL-D-470 in the Office of the Clinton County Clerk. The real property that is the subject of this Lease is located in the City of Plattsburgh, Clinton County, New York, and is that part of the "Champlain Valley Transportation Museum – Proposed Campus Plan" that lies within the bounds of Lot 11, together with the non-exclusive right to use that part of Lot 9 which provides access to Ohio Avenue. (the "**Premises**"); and

WHEREAS, LESSOR has agreed to lease the Premises to LESSEE and LESSEE has agreed to lease the Premises from LESSOR on the terms stated herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, LESSOR and LESSEE hereby covenant and agree as follows:

1. **PREMISES:** LESSOR leases the Premises to LESSEE, and LESSEE leases the Premises from LESSOR. The Premises shall be used only for a transportation museum for the display of artifacts of historical interest, the storage and restoration of artifacts and exhibits, including vehicles (defined herein as automobiles, rail cars, trucks, airplanes and boats), offices, ticket sales, gift shop and such other uses as are commonly associated with museums and otherwise further the museum's purposes, and for no other purpose, without LESSOR'S prior written consent, which shall not be unreasonably withheld. LESSOR acknowledges LESSEE's desire to lease the property shown on Exhibit "A", that being all of Lot "11" which extends along Museum Way to Ohio Avenue and includes Building 611, 505, 508 and 483 as well as the parking area located on Lot 11.

2. **RENT:** LESSEE agrees to pay as rent for the Premises, One Dollar (\$1.00) per year for the first five (5) years of the initial lease term, the receipt of which is acknowledged by the LESSOR and thereafter pursuant to the terms of paragraph 32.1 herein.

3. **TERM:** This Lease shall be for a term of ten (10) years commencing on MARCH 1, 2006 and ending at midnight on Feb. 28, 2016 (the 119 "Initial Term"). This lease may be renewed pursuant to the terms of section 32 infra. LESSEE shall be permitted to terminate this Lease upon sixty (60) days prior written notice to LESSOR should LESSEE cease to operate the Premises for museum purposes on account of non-renewal of LESSEE's museum charter or otherwise financial inability to do so.

4. **DELIVERY AND ACCEPTANCE OF PREMISES:** LESSEE has inspected and knows the condition of the Premises, and accepts the same in their present condition. LESSEE acknowledges that LESSOR has made no warranties or representations concerning the Premises.

5. **UTILITIES:** LESSEE agrees to furnish all utilities and pay all electric, gas, water, fuel and sewer charges, as well as all charges for any additional services or other utilities used on or assessed against the Premises.

6. **LICENSING AND FEES:** LESSEE shall obtain all necessary licensing and registrations for the use and operation of the Premises, if any, and shall pay when due all license and registration fees.

7. **TAXES:** The LESSEE agrees to pay as additional rent all real property taxes assessed against the premises, provided that, the LESSEE shall have the right to apply for an exemption from real property taxes.

8. **INSURANCE:** The following provisions shall apply:

8.1. LESSOR shall obtain "All Risk" Property Insurance on the Property, including fixtures and non-removable tenant improvements in such amount as LESSOR deems sufficient. LESSEE shall cooperate with LESSOR so that the lowest insurance rating can be obtained. Accordingly, LESSEE shall fully cooperate with the insurance carrier in implementing any measures of complying with any requirements the carrier may have. The Property may be insured as an additional premises under the LESSOR'S master insurance policy, in which case, the LESSEE shall pay as additional rent, that portion of the LESSOR'S insurance premium cost

allocable to the demised premises. Such additional rent shall be payable within ten (10) days of receipt of an invoice for same.

8.2. At its sole cost and expense, LESSEE shall purchase and maintain commercial general liability insurance on the Premises, including a property damage provision, insuring against liability for injury to persons or property occurring on or about the Premises or arising out of the ownership, maintenance, use or occupancy of the Premises. The insurance shall be in an amount not less than one million Dollars (\$1,000,000.00) combined single limit per occurrence, and a general policy aggregate of not less than Two Million and NO/100 (\$2,000,000.00) Dollars if such aggregate applies to this policy.

8.3 All policies of liability insurance obtained now or at any future time by LESSEE, must insure the interest of LESSOR as Additional Insured under the form of endorsement which makes the coverage thereunder primary insurance as regards LESSOR, and non-contributory with any other insurance carried by LESSOR, shall include a long form non-contributory clause naming LESSOR, as well as LESSEE, as an insured. The policies shall also provide that LESSOR be given at least thirty (30) days notice before any cancellation or material modification of the policy.

8.4. Upon request, LESSEE shall furnish to LESSOR Certificates of Insurance evidencing the insurance coverage required by these provisions, and providing that LESSOR shall receive thirty (30) days notice of cancellation or material change in coverage. Upon reasonable request, LESSEE shall furnish LESSOR with a copy of the premium bill and evidence of payment.

8.5. In the event of casualty damage to the Premises, and if LESSOR is carrying the "All Risk" Property Insurance, LESSEE shall promptly report the damage to LESSOR and LESSOR shall make whatever claim against the insurance company that LESSOR deems advisable. LESSEE shall cooperate in connection with the claim. In the event of either damage to the Premises by casualty or an assertion of liability, and if LESSEE is carrying the applicable insurance policy, LESSEE shall promptly report the same to the applicable insurance company and make a claim for insurance proceeds, delivering to LESSOR a copy of the claim. Any insurance proceeds shall be applied to the rebuilding or repair of the property, with any excess paid to LESSOR or disbursed as LESSOR deems appropriate.

9. **LIENS AND ENCUMBRANCES:** This Lease shall be subject and subordinate to any present or future mortgages and other liens or encumbrances executed or consented to by LESSOR, which do not materially adversely affect LESSEE'S use of the Premises. The holder of any such mortgage, deed of trust, lien or encumbrance may notify LESSEE in writing of its interest, and in such event LESSEE shall send copies of all notices or communications regarding this Lease to the holder of the mortgage, deed of trust, lien or encumbrance. Such holder shall be entitled to take any action or exercise any rights reserved to LESSOR under this Lease. LESSEE shall, within ten (10) days after receipt of a request therefor, execute and deliver to LESSOR and the holder of such a mortgage, lien or other encumbrance, an estoppel certificate and/or agreement evidencing the subordination of this Lease as described above, which estoppel certificate and/or agreement shall be in form satisfactory to LESSOR and such holder.

9.1. LESSEE shall not encumber or permit the encumbrance of the Premises or this leasehold estate by any mortgage, deed of trust, assignment, security interest, lien or other charge, without LESSOR'S prior written consent, which consent shall not be unreasonably withheld.

9.2. This Lease does not require LESSEE to improve the Premises or construct any improvements or additions on the Premises. Any improvements or additions to the Premises which LESSEE might make or permit are for the sole use of LESSEE and will not benefit LESSOR'S reversion. LESSEE is not, and shall not be deemed to be, the agent of LESSOR in contracting or arranging for any improvements to the Premises or any construction on the Premises. Additional provisions relating to alterations and improvements are contained in Section 13 of this Lease.

9.3. LESSEE shall promptly pay all bills for labor done or material or equipment supplied for any construction or repair work done on the Premises. Failure to promptly pay any such bills shall be a default under this Lease. LESSEE shall defend and indemnify LESSOR from all liability, damages or expense resulting from any mechanic's lien claims affecting the Premises.

10. **MAINTENANCE AND REPAIR:** LESSOR shall have no duty to repair or maintain any structures, walks, drives, parking areas or other improvements located on the Premises.

10.1. LESSEE shall have the obligation of maintaining all portions of the Premises. LESSEE shall maintain and keep in good working order all equipment, fixtures, and systems on the Premises, and shall perform routine repair and maintenance on the same, including without limitation all heating and air conditioning systems and equipment. In addition and without limitation, LESSEE shall protect water pipes, heating and air conditioning equipment, plumbing, fixtures, appliances, and sprinkler systems from becoming frozen. LESSEE shall keep the Premises and all approaches, sidewalks, parking areas, truck pads, and adjacent alleys clean, sightly, and free of snow and rubbish, and shall keep and maintain the same in good condition repairing cracks and potholes and repairing the same when needed.

10.2. LESSEE shall be responsible for all window glass replacement, for maintenance of light fixtures and lamps throughout the Premises, for repair and routine maintenance of gas heaters, boilers, water pipes, plumbing apparatus and fixtures, gutters, downspouts, and all other portions of or equipment upon the Premises, including without limitation all mechanical systems which are a part of the Premises.

11. **USE OF PREMISES:** LESSEE may use the Premises for any purpose set forth in Section 1 of this Lease, which is not destructive of the Premises. LESSEE shall not, however, commit or allow any waste, nuisance, or other such act or omission to occur on the Premises, and shall not do any act or allow on the Premises any condition which may disturb the quiet enjoyment of those occupying surrounding properties. LESSEE shall advise LESSOR in writing of any change in the nature of LESSEE'S use of the Premises.

11.1. LESSEE shall fully comply with all federal, state and local laws and regulations applicable to air emissions, water pollution, hazardous waste, hazardous materials, toxic materials, and underground storage tanks. LESSEE shall secure all permits, licenses and approvals necessary for its operations and shall remain in compliance with such permits. LESSEE shall notify LESSOR within two (2) days if LESSEE learns of any allegation that LESSEE'S operations are in violation of any requirement of any permit or any requirement to have a permit.

11.2. LESSEE shall not allow on the Premises any leakage, spillage or release of any hazardous substance, hazardous waste, petroleum, or toxic material as those terms are defined by federal or state law or regulation. If such a release should occur, LESSEE shall notify LESSOR of such fact within two (2) days. Furthermore, in such event, LESSEE shall promptly remove and clean up any such leakage, spillage or release, at its own cost, and LESSEE shall accomplish such removal and clean-up in strict compliance with all applicable laws, codes and regulations. LESSEE shall notify LESSOR within two (2) days if LESSEE receives notice of intent to sue, notice of violation, citation, warning or similar notification arising out of operations on the Premises. LESSEE shall notify LESSOR within two (2) days if LESSEE learns of any federal, state, or local agency investigation or inquiry concerning the Premises or LESSEE'S operations.

11.3. LESSEE shall not use all or any part of the Premises for the purpose of refining, producing, storing, handling, transferring, processing, or transporting any pollutants or contaminants or any Hazardous Substances or petroleum products in any manner which would result in a release or threatened release which could require response under applicable Environmental Regulations, nor shall LESSEE permit or suffer any other party to use all or any part of the Premises for any purpose forbidden herein. As used herein, the term "**Hazardous Substances**" shall mean ureaformaldehyde, polychlorinated biphenyls, asbestos, asbestos-containing materials, radioactive materials or wastes, petroleum products, or any other waste material or other substance which would subject the LESSOR as owner of the Property to any response costs, damages, penalties or liabilities under any applicable Environmental Regulations. The term "**Environmental Regulations**" as used herein means any federal, state or local laws, statutes, codes, ordinances, regulations, requirements or rules relating to any environmental matters, including the removal, handling, and disposal of hazardous or toxic waste materials.

11.4. LESSEE shall defend and indemnify LESSOR from and against, any and all claims, assertions, demands, judgments, penalties, fines, liabilities, costs, damages and expenses, including court costs and attorney's fees and expenses incurred by LESSOR, at any time, in any claim or action against or involving LESSEE or LESSOR resulting from (i) any breach of the covenants of LESSEE contained herein, (ii) any act or failure to act and caused by LESSEE, its employees and assigns which results in a violation of or liability under any of the Environmental Regulations, or (iii) from the discovery of any Hazardous Substance in, upon, or over or emanating from the Premises as a result of acts or failures to act by LESSEE, its agents,

employees and assigns. It is the intent of LESSOR and LESSEE that neither LESSOR nor LESSEE shall have liability or responsibility for damage or injury to human health, the environment or natural resources caused by, for abatement and/or clean-up of, or otherwise with respect to Hazardous Substances not caused by LESSOR or LESSEE, respectively.

12. **PUBLIC REQUIREMENTS:** LESSEE shall comply with all laws, orders, regulations, ordinances and other public requirements at any time affecting the Premises or the use of the Premises.

13. **ALTERATIONS:** At its sole expense, LESSEE may, but is not required to, make improvements, alterations or additions to the Premises. Any alterations shall be of good workmanship and material and shall not reduce the size or strength of the then existing improvements or of any load bearing wall or structural support. Any improvements, alterations, additions or fixtures placed on the Premises, whether or not permanently affixed to the Premises, other than trade fixtures, shall become a part of the realty, shall belong to LESSOR, and shall remain on and be surrendered with the Premises at the termination of this Lease. No improvements, alterations or additions to the Premises, other than trade fixtures, shall be removed without LESSOR's prior written consent, which consent shall not unreasonably be withheld. LESSEE shall repair all damage caused by any removal of any trade or other fixtures or additions. Notwithstanding the foregoing or anything else to the contrary, LESSEE shall not be permitted to place any underground storage tanks on or under the Premises.

14. **ASSIGNMENT OR SUBLEASE:** LESSEE shall not assign this Lease, sublease the Premises, or allow anyone else to use or occupy any part of the Premises, without LESSOR'S prior written consent, which consent shall not unreasonably be withheld. This shall not apply to

LESSEE's seasonal rental of storage space to owners of vehicles on a short-term basis which provides income for funding of CVTM's museum purposes. LESSOR may assign this Lease to any subsequent purchaser of the Premises, and upon such assignment shall be released from all rights and obligations under this Lease.

15. **INSPECTION:** LESSOR and its agents may enter the Premises at reasonable hours to examine the same and do anything required of LESSOR by this Lease. During the last 120 days of the Lease term, LESSOR may display a "For Rent" sign on the Premises, and show the Premises to prospective tenants.

16. **LESSEE'S PERSONALTY:** LESSOR shall not be liable for any loss or damage to any of LESSEE'S merchandise, personalty or other property on or about the Premises, or for any lost profits of or consequential damage to LESSEE, regardless of the cause of the loss or damage. If space on the leased premises is subleased to any person for the storage of personal vehicles, the agreement between the LESSEE and the subtenant shall include a waiver of claims against the City for loss, damage or destruction of any stored vehicle, regardless of the cause.

17. **EMINENT DOMAIN:** If any substantial part of the Premises (affecting LESSEE'S operations) is taken under the power of eminent domain, conveyed in lieu of condemnation, or acquired for any public or quasi-public use, this Lease may be terminated by either party. The parties shall make their individual claims for the award, which shall be distributed according to law.

18. **DAMAGE BY CASUALTY:** If any part of the Premises is damaged by fire or other casualty, the LESSOR may at its sole option terminate this Lease as to that part of the damaged premises. If the Lease is so cancelled, rent shall be paid on that part of the Premises

only to the date of cancellation and LESSEE shall promptly surrender such part of the Premises to LESSOR.

18.1. If LESSOR does not elect to terminate this Lease, but to repair the Premises, LESSOR and its agents and contractors may enter the Premises to make repairs. Rent shall abate during the period of untenantability.

18.2. In the event the Premises suffer any casualty damage, LESSEE shall within thirty (30) days remove any debris or rubbish, remove its personal property from the damaged Premises, and clean the damaged Premises to facilitate demolition of the damaged structure, or repair or restoring operation. LESSOR agrees to extend LESSEE's time for removal by up to an additional thirty (30) days should LESSEE not be reasonably able to remove said property because of circumstances beyond LESSEE's control.

19. **DEFAULT BY LESSOR:** LESSEE shall give LESSOR written notice of any default by LESSOR. If (a) the default is not cured within thirty (30) days after LESSOR receives the written notice, or (b) LESSOR does not within that thirty (30) day time period take actions which, if continued with reasonable diligence, will cure the default, then LESSEE at its election may declare this Lease terminated after an additional period of thirty (30) days. If this Lease is rightfully terminated in accordance with this section, rent shall be paid only to the end of the second thirty (30) day period.

20. **DEFAULT BY LESSEE:** The following provisions shall govern default by the LESSEE:

20.1. LESSEE will be in default under this Lease upon the happening of any one or more of the following events:

20.1.1. Failure of LESSEE to make any rent payment when due or fully and timely perform any obligation contained in this Lease.

20.1.2. Any warranty, representation or statement made or furnished to LESSOR by or on behalf of LESSEE for the purpose of inducing the execution of this Lease or any other agreement between the parties proves to have been false in any material respect when made or furnished.

20.1.3. LESSEE is dissolved or its existence terminated; LESSEE becomes insolvent, its business fails, or a receiver is appointed for any of LESSEE'S property; LESSEE is generally not paying its debts as they become due; or LESSEE makes an assignment for the benefit of its creditors or is the subject of any voluntary or involuntary bankruptcy or insolvency proceeding.

20.1.4. Any of the occurrences set forth in Section 20.1.3. of this Lease above occurs with respect to any guarantor or surety of LESSEE'S obligations.

20.1.5. LESSEE abandons the Premises, or the Premises or LESSEE'S leasehold interest in the Premises are attached or taken under any court order or writ of execution.

20.2. If LESSEE defaults, LESSOR may enforce its rights by an action for rent and possession, unlawful detainer, or other legal remedy. LESSEE agrees that, notwithstanding LESSOR'S possession of the Premises, LESSEE shall remain liable for and shall pay LESSOR an amount equal to the entire rent payable to the end of the then-applicable term of this Lease. This amount may either: (a) be accelerated and become payable at once, or (b) become due and be payable monthly, at the sole option of LESSOR. In addition, LESSEE shall be liable for and shall pay to LESSOR any loss or deficiency sustained by LESSOR because of LESSEE'S default.

20.3. Notwithstanding LESSOR'S re-entry and possession of the Premises, LESSOR, upon LESSEE'S default, shall have the right, without notice to LESSEE, and without terminating this Lease, to make alterations and repairs for the purpose of re-letting the Premises. LESSOR may re-let or attempt to relet the Premises or any part of the Premises for the remainder of the then-applicable Lease term or for any longer or shorter period as opportunity may offer, to such persons and at such rent as may be obtained. Nothing in this Lease shall require LESSOR to relet or make any attempt to relet the Premises, and any reletting shall be done by LESSOR as agent for LESSEE. In case the Premises are relet, LESSEE shall pay the difference between the amount of rent payable during the remainder of the term and the net rent actually received by LESSOR during the term after deducting all expenses for repairs, alterations, recovering possession and reletting the same, which difference shall either: (a) accrue and be payable monthly, or (b) be accelerated and become payable at once, at LESSOR'S sole option.

20.4. No actions taken by LESSOR after LESSEE'S default shall be construed as indicating a termination of this Lease. This Lease shall remain in full force and effect and shall not be terminated unless LESSOR so elects in writing.

20.5. At LESSOR'S election, LESSOR may cure any default of LESSEE by expending money, contracting for the making of repairs, purchasing insurance, or by any other actions. If LESSOR takes any such actions, LESSEE will promptly, upon demand, reimburse LESSOR for all of LESSOR'S expenses. All such expenses shall bear interest from the dates they are incurred until the dates they are paid, at a rate of 10 percent (10%) per annum.

20.6. LESSOR shall be entitled to recover from LESSEE all of LESSOR'S expenses in exercising any of its rights under this Lease, including without limitation LESSOR'S reasonable attorney's fees.

20.7. All of LESSOR'S remedies are cumulative, and may be exercised successively or concurrently, at LESSOR'S election.

21. **WAIVERS:** Any waiver, consent or approval on the part of LESSOR must be in writing, and shall be effective only to the extent specifically set forth in the writing. No delay or omission by LESSOR in the exercise of any right or remedy with respect to any one occasion shall impair LESSOR'S ability to exercise the right or remedy in the same or on another occasion.

22. **NOTICES:** All notices or other communications shall be in writing signed by the sender, and shall either be (a) personally delivered or (b) mailed by certified mail, at or to the following addresses:

LESSOR: **City of Plattsburgh**
 41 City Hall Place
 Plattsburgh, New York 12901

COPY TO: John Clute, Esq.
 Clute, Clute & Thompson
 P.O. Box 2885
 Plattsburgh, New York 12901

LESSEE: **Champlain Valley Transportation Museum**
 P.O. Box 2842
 Plattsburgh, New York 12901
 Attention: Dr. Anthony Vaccaro

COPY TO: Susanna S. Piller, Esq.
Harris Beach, PLLC
P.O. Box 2947
Plattsburgh, New York 12901

22.1. Either party may change the address by written notice to the other. Notices shall be effective when received (if personally delivered) or when deposited in the United States Mail (if mailed by certified mail).

23. **RETURN OF PREMISES:** At the termination of this Lease, LESSEE agrees to deliver to LESSOR the Premises and all mechanical systems and all equipment and fixtures thereon, in good working order and condition.

23.1 Should LESSEE fail to vacate the Premises at the termination of this Lease, LESSEE shall pay for each day of the holdover period either (a) twice the then-applicable rent, or (b) a current fair market rent for the Premises (as determined by LESSOR in its sole judgment), whichever is higher. All the terms and provisions of this Lease shall continue to apply. LESSEE will be a tenant at will during the holdover period. Nothing in this section shall be a waiver of or preclude the exercise of LESSOR'S remedies for LESSEE'S default. Should LESSEE'S holdover prevent LESSOR from fulfilling the terms of another lease, LESSEE shall defend and indemnify LESSOR from all direct and consequential damages for which LESSOR may be liable, or which LESSOR may suffer, as a result thereof.

24. **QUIET ENJOYMENT:** Neither LESSOR nor LESSOR'S successors or assigns will disturb LESSEE in its quiet enjoyment of the Premises.

25. **SIGNS:** LESSEE shall be permitted to place signs or advertisements on the Premises so long as same are in compliance with applicable municipal zoning code. Within 120 days prior to the termination of any Lease term, LESSOR may display signs advertising the rental of the Premises.

26. **INDEMNITY:** LESSEE shall indemnify, defend and hold harmless LESSOR from and against any and all damage, expense, claim, liability or loss, including reasonable attorneys' fees, arising out of or in any way connected to any condition, occurrence or event occurring on the Premises or arising out of LESSEE, its employees, agents or invitees use of the Premises during the term of this Lease. This duty to indemnify and defend shall include but shall not be limited to damages, costs, liability, loss and expense including professional consultant, engineering or reasonable attorneys' fees incurred in responding to federal, state, or local laws, strict liability, or common law.

27. **WAIVER OF SUBROGATION:** LESSOR and LESSEE each respectively waive all rights of recovery against the other and the other's agents, employees, permitted licensees and assignees, for any loss or damage to property or injury to or death of persons, to the extent the same is covered or indemnified by proceeds of any insurance, or for which reimbursement is otherwise received. This agreement, however, shall apply only so long as the parties' respective insurance companies expressly concur in this agreement and waive all subrogation rights. Each party shall have a continuing obligation to notify the other party if these waivers are not granted. Nothing in this section shall impose any greater liability upon the LESSOR than would have existed in the absence of this section.

28. **ATTORNMEN**T: LESSEE agrees to and does attorn to any successor to LESSOR'S interest in all or any part of the Premises, including without limitation any purchaser at any foreclosure sale of all or any part of the Premises, so long as LESSEE's right to possession of the Premises and other rights provided in this Agreement remain in full force and effect and any transfer of title of the Premises by LESSOR or foreclosure sale shall be subject to LESSEE's rights under this Agreement.

29. **BANKRUPTCY**: The following covenants are a part of this agreement:

29.1. The parties agree that this Lease has been entered into partly because of LESSOR'S judgment that LESSEE will be particularly able to perform the Lease covenants. LESSEE has substantial duties of performance under this Lease, apart from its mere financial obligations. This Lease is a personal contract between the parties which cannot be assumed by any trustee or other party in bankruptcy.

29.2. In the event any proceedings in bankruptcy are brought against LESSEE or affect LESSEE, and should an assumption of this Lease be attempted by the trustee or other party in violation of the above agreement, LESSOR will not have adequate assurance of performance, within the meaning of Section 365 of the Bankruptcy Code of 1978, as amended, unless the trustee or other party can demonstrate that itself or a substitute lessee will have the particular capacity to fulfill the non-monetary covenants of this Lease. LESSOR will not have adequate assurance of performance unless and until (a) LESSOR is allowed access to adequate financial and other information about the proposed lessee, including without limitation references from prior lessors, to satisfy itself that the trustee, other party or proposed lessee is fully able to assume the financial and personal covenants of LESSEE in this Lease, in full accordance with its terms,

and (b) sufficient bonds or letters of credit are posted by the trustee, other party or proposed lessee to guarantee performance of the Lease obligations. The parties further agree that the definition of the term "adequate assurance" as set forth in Section 365(b) (3) of the Bankruptcy Code of 1978, as amended, shall apply to any determination of adequate assurance in connection with this Lease.

29.3. In the event any proceedings in bankruptcy are brought against LESSEE or affect LESSEE, the trustee or other party shall not be permitted to use, sell or lease any of the Premises, whether or not in the ordinary course of business, without providing adequate protection to LESSOR. The parties agree that the language in Section 361 of the Bankruptcy Code of 1978, as amended, shall be the exclusive definition of the term "adequate protection" in connection with any use, sale or lease of the Premises. The cash payment referred to in that section shall mean the full payments required under this Lease, plus payment representing the value of LESSOR'S lost ability to use or lease the Premises; and the then "indubitable equivalent" as used in that section shall mean protection afforded by either grants of administrative expense priority, grants to LESSOR of ownership interests in a continuing business surviving the bankruptcy, or grants to LESSOR of protected securities issued by a continuing business surviving the bankruptcy, which completely compensate LESSOR for the loss of the present value (computed at the then market rate of interest for commercial loans) of LESSOR'S ability to use or lease the Premises.

29.4. The parties agree that because of the extreme financial importance to LESSOR of this transaction, LESSOR will be irreparably harmed by any stay of its collection efforts or the exercise of its remedies under this Lease.

30. **SUCCESSORS AND ASSIGNS:** This Lease shall inure to the benefit of and be binding upon the heirs, estates, executors, administrators, receivers, custodians, successors and (in the case of LESSEE, permitted) assigns of the respective parties.

31. **LIGHT:** This Lease does not grant any rights to light, view or air over adjacent properties. Any diminution or elimination of light, view or air by any structure which may be erected on property adjacent to the Premises shall not be a breach of, and shall not affect the rights and obligations of, the parties under this Lease.

32. **OPTIONS TO RENEW:** LESSOR grants LESSEE an option to renew this lease for 3, consecutive, five year terms on the following terms:

32.1 Rent. The Rent for years six (6) through ten (10) of the Initial Term and for each renewal term shall be ten percent of the LESSEE'S gross income, excluding gifts, donations and grants to the museum. The Rent shall be paid in advance in quarterly annual installments based upon the previous year's gross income. Within 30 days of the end of the LESSEE's fiscal year, and the compilation of income statements for such year, the Rent paid shall be adjusted and increased or decreased based upon the actual gross income for such year.

32.2 Performance. It is a condition of the LESSEE'S right to exercise the renewal options that it meet or exceed the following performance standards:

32.2.1 That the museum have been open to the public a minimum of 1000 hours per year for the two years preceding the commencement of year six (6) of the initial term, and during each year of the five years preceding the first, second and third renewal terms.

32.2.2 That by the end of the fifth (5th) year of the initial term, no less than 50% of the gross floor area of the Premises (which includes approximately 29,000 square feet of indoor floor space plus outdoor space adjacent to the buildings used for permanent display of vehicles) be devoted to museum displays; that by the end of the 8th year of the initial term, no less than 66 2/3% of the floor area of the Premises be devoted to museum displays and shall continue to the end of the lease term, including any additional renewal terms. The term "museum display" is intended to include museum operations such as gift shop, office, theatre, conference center and other areas needed and utilized for the operation of the museum.

32.2.3 That each year during the initial and renewal terms, the LESSEE provide a copy of its annual report to the New York State Education Department to the LESSOR within thirty (30) days of filing same.

32.2.4 The performance requirements set forth in Section 32.2 are also required for LESSEE's continued lease of the Premises for years six (6) through ten (10) year term of this Lease and LESSOR shall have the

right to terminate this Lease, subject to the terms herein, if LESSEE fails to meet the above requirements.

33. OPTION TO PURCHASE LESSOR agrees, that if then permitted under New York law, at any time during the first renewal term upon ninety (90) days written notice, it will permit the LESSEE to purchase the Premises at its then fair market value, less the cost of any capital improvements made to the Premises by the LESSEE. LESSEE shall have twenty (20) days from the date of receipt of such written notice to notify LESSOR in writing that LESSEE is exercising this option to purchase. Failure to provide such written notification shall be deemed non-exercise of said option to purchase provided for herein. The fair market value will be determined by a mutually agreed upon commercial appraiser. If the parties are unable to agree on an appraiser, each shall select one and if the difference in values does not exceed 15%, the values shall be averaged to arrive at a purchase price. If the difference in values exceed 15%, the two appraisers thus selected shall select a third appraiser and the purchase price shall be the average of the two highest appraised values. LESSOR shall provide the following prior to Closing:

33.1 An easement or other legal right which shall provide for Sublessee's ingress and egress to the Premises, over Museum Way (this may not be required should LESSOR obtain additional property as set forth in Section 1 hereinabove).

33.2 The Lessor does not have title insurance or an abstract on the premises. The cost of title searching shall be paid by the Lessee.

33.3 Bargain and Sale Deed in proper form for recording. The deed shall be prepared, duly executed and acknowledged by the Seller, so as to convey to the Purchaser the fee simple of said premises free and clear of all liens and encumbrances, except as herein stated.

33.4 Transfer Gains Affidavit – TP-584.

33.5 Equalization and Assessment Report (EA-5217).

33.6 Resolution approving transfer of property to LESSEE.

33.7 A statement in support of the application of the Lessee for any municipal zoning approvals/permits that may be required in order for the Premises to be transferred to Lessee. The time for closing shall be extended should subdivision approval be required in order to convey the Premises to LESSEE and the closing shall occur within fifteen (15) days after such approval is obtained by LESSEE.

34. **AMENDMENTS:** This Lease contains the entire agreement of the parties. No amendments may be made to this Lease except by an agreement in writing executed by all the parties.

35. **MISCELLANEOUS:** The following provisions are additional terms of this Lease:

35.1. The captions of the sections of this Lease are inserted for convenience only and shall not be used in the interpretation or construction of any provisions of this Lease.

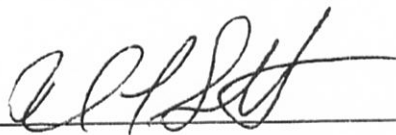
35.2. If any provision of this Lease is held invalid or unenforceable, the holding shall affect only the provision in question and that provision in other circumstances, and all other provisions of this Lease, shall remain in full force and effect.

35.3. The rule that the terms of an agreement are strictly construed against the drafting party shall have no application to the construction of interpretation of this Lease.

36. **FINANCIAL STATEMENTS:** LESSEE shall furnish to LESSOR during each year of any term hereof, a complete copy of the LESSEE'S audited financial statements for the immediately preceding year.

Intending to be fully bound, the parties have executed this Lease the day and year first above written. The execution of this lease by the City of Plattsburgh was authorized by resolution of the Common Council adopted at a regular meeting held on February 9, 2006.

LESSOR: CITY OF PLATTSBURGH

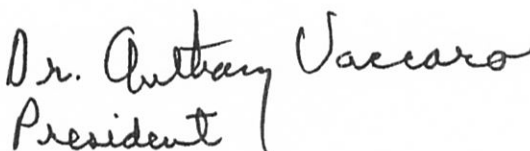
By _____

Daniel L. Stewart

Its: Mayor

LESSEE: CHAMPLAIN VALLEY

TRANSPORATION MUSEUM

By: 
President

CLINTON COUNTY HEALTH DEPARTMENT
 SUBDIVISION APPROVAL

1. The applicant shall provide for water and sewage disposal to meet the requirements of the Health Department.
2. The applicant shall provide for fire protection to meet the requirements of the Health Department.
3. The applicant shall provide for adequate drainage and flood protection to meet the requirements of the Health Department.
4. The applicant shall provide for adequate lighting to meet the requirements of the Health Department.
5. The applicant shall provide for adequate parking to meet the requirements of the Health Department.
6. The applicant shall provide for adequate landscaping to meet the requirements of the Health Department.
7. The applicant shall provide for adequate signage to meet the requirements of the Health Department.
8. The applicant shall provide for adequate fencing to meet the requirements of the Health Department.
9. The applicant shall provide for adequate security to meet the requirements of the Health Department.

NOTES

See Drawing No. 10-101 for legend, schedule of drawings, and
 additional notes.

SCHEDULE OF DRAWINGS

- G-001 - COVER SHEET
- V-101 - OLD LOT LINES
- V-102 - NEW PARCELS
- V-103 - NEW LOT LINES

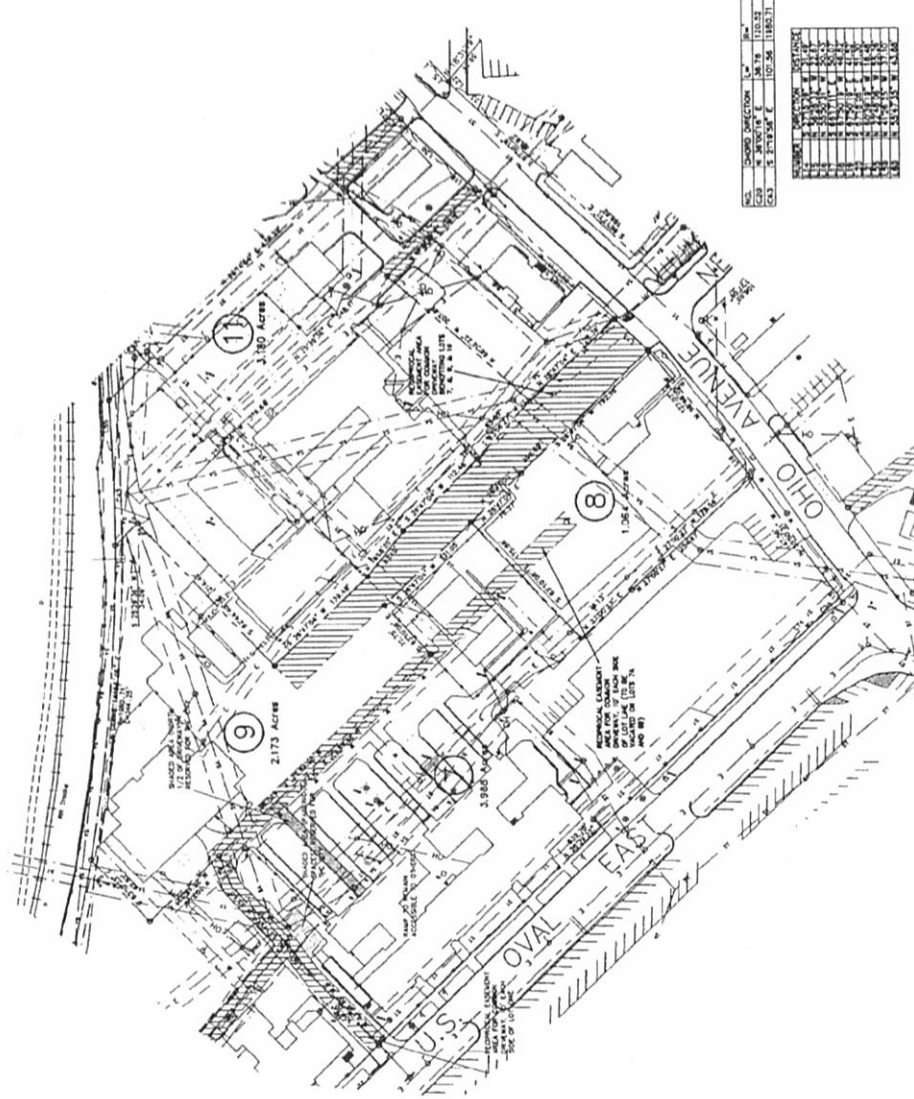
LOTS 7, 8, 9, & 11

APPROVED BY PLANNING DEPARTMENT HEALTH DEPARTMENT

Signed and sealed this 10th day of May, 2005, by the Health Officer, Clinton County, New York.

DATE: 4/13/04
 DRAWN BY: [blank]
 CHECKED BY: [blank]
 V-103

NEW LOT LINES



LOT	CHORD	BEARING	AREA	PERCENT
7	107.50	N 89° 52' 00" E	1.365	100.00
8	107.50	N 89° 52' 00" E	1.365	100.00
9	107.50	N 89° 52' 00" E	2.173	100.00
11	107.50	N 89° 52' 00" E	1.365	100.00

Scale 1" = 60'

CLIPPING TITLE

PROJECT NAME

PARC SUBDIVISION PHASE II CITY OF PLATTSBURGH
 2005 AMENDMENT OF LOTS 7, 8, 9 & 11
 EAST SIDE OF U.S. OVAL EAST AND OHIO AVENUE
 CITY OF PLATTSBURGH, CLINTON COUNTY, NEW YORK

15-17 City of New York, New York, New York 10007
 Phone: (212) 312-1000 Fax: (212) 312-1000
 www.aes.com
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AES
 NORTH EAST

NO.	DATE	DESCRIPTION
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